



# Mount Scopus Memorial College

בית הספר הר הצופים

Mount Scopus Memorial College  
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Principal: Mr Daniel Sztrajt

9 February 2024  
30 Shevat 5784

Philanthropy Inquiry  
Productivity Commission  
GPO Box 1428  
CANBERRA CITY ACT 2601

Via email [philanthropy@pc.gov.au](mailto:philanthropy@pc.gov.au)



## Submission to the Productivity Commission's Inquiry into Philanthropy

### Introduction

Mount Scopus Memorial College is a faith based private school in Melbourne Victoria. We are a member of the Australian Council of Jewish Schools (ACJS) and of Independent Schools Victoria (ISV).

Mount Scopus operates across three campuses with a total of 1434 students registered for the 2024 school year including students from early learning to Year 12.

The ACJS have prepared and lodged a submission on behalf of all of its member schools and we have prepared this submission with a view to adding additional content that is specific to our schools circumstances.

We thank you for the opportunity of making this submission regarding the draft report into the inquiry to philanthropy.

### Matters requesting consideration by the Productivity Commission

1. Mount Scopus is supportive of all the matters raised by the ACJS in their submission including the references made in that submission about the ISV submission. Our submission should be read in conjunction with that of the ACJS (copy enclosed for reference).
2. The majority of buildings at Mount Scopus date back to the 1960's and 1970's and are in a poor state of repair. Upgrades to these facilities are desperately required. To bring the building stock up to acceptable levels will require a substantial investment due to their state of repair and asbestos content.
3. The majority of our students are learning in aged buildings, while our Year 11 & 12 students are primarily using portable classrooms, and have been doing so for a number of years.

Scopus  
Values



4. The school does not have means from parent fees to fund substantial building upgrades due to inherent additional expenses not borne by other independent schools.
5. As a Jewish School, continual yearly spending on security guarding and infrastructure is a communal requirement in response to significant terrorism and vilification concerns. This need has been acknowledged as necessary by both the state and federal government.
6. Being a Jewish school operating three campuses, the investment required in security is substantial and out of the ordinary compared with other private schools.
7. Mount Scopus investment in Security has been increasing at a substantial rate over decades and will be circa \$2.9m in 2024.
8. Mount Scopus is also a non-selective school with an established ethos of not turning away families who are unable to afford school fees. This includes a long history of accepting migrant families who regularly require additional means-tested financial support. This financial support, provided through the fees of other parents, provides assistance to a significant proportion (circa 25%) of our parent body. This fee assistance is also growing over the past years and in 2024 will be circa \$3.0m.
9. Being required to provide security and means-tested fee assistance to needy families results in Mount Scopus being a high fee school. Consequently, this has resulted in the school meeting the Victorian Government's threshold for losing our payroll tax exemption despite our not-for-profit status, and thus leading to a greater strain (circa \$1.6m) on the school's budget and ability to upgrade buildings using fee income.
10. The spend on Security, fee assistance and payroll tax will total circa \$7.8m or 15.4% of Fee income across the next financial year.
11. These large additional costs lead to support the fact that the school does not have the capacity to fund large building upgrades without substantial donations.
12. Donations to the school building fund are critical to enable building upgrades and the ultimate continuation of the school to operate at required levels.
13. The schools opinion is that maintaining the DGR status of school building funds is essential to ensure ongoing funding of the school facilities.

Should the Commission wish to inquire further on any matter noted in this submission, the school will be very happy to assist with those inquiries.

Dan Sztrajt  
**Principal**

Amy Hershan  
**President**

Maurice Wulfsohn  
**Chief Finance and  
Operations Officer**



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7 February 2024

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Productivity Commission  
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## Submission to the Productivity Commission's Inquiry into Philanthropy

### Introduction & Context

1. The Australian Council of Jewish Schools (ACJS) is the peak representative body of Jewish schools in Australia.
2. The ACJS expresses gratitude to the Productivity Commission for the opportunity of making this submission on aspects of the draft report into the inquiry to philanthropy.
3. Each of the registered schools that are members of the ACJS are also members of their respective Association of Independent Schools (AIS) and each school generally supports the submission of their AIS and the Independent Schools Australia (ISA).
4. The ACJS represents 19 Jewish schools throughout Australia. Each of our schools also operate an early learning centre. These schools accommodate 10,000 students in the foundation year, to year 12 programs with a further 3,000 students in the early learning activity associated with each school.
5. The ACJS Schools and the associated Early Learning Centres, are academically non-selective and vary in average socio-economic status considerably. Their Capacity to Contribute scores (CtC) range from 134 at the high end to 79 at the low end. The average school's CtC score is 109, the median is 107.
6. Each of our schools is an independent faith-based school in its own right. Each school is individually registered and responsible for its own structure, management, and compliance. Our schools are non-systemic.
7. Each of these schools is represented by the ACJS to federal, state, and local Governments and regulatory authorities, within the AIS community and generally. Their interests are significantly different in some areas, and these interests are generally considered and catered for by Governments, regulatory bodies, Government departments, agencies, and the community generally.

8. Our schools conduct programs to achieve their outcomes through different structures that integrate the teaching of secular studies with religious study and Jewish and cultural values. The primary objective of any single activity can be difficult to define. Education is achieved through a variety of avenues and is understood to be holistic. Education includes the teaching through both formal and informal methods of core designated curriculum as defined by ACARA, including the teaching of moral values, civics, and citizenship as well as religion, religious teaching, and cultural identity.
9. As a matter of principle there is no academic selectivity in the enrolment process at our schools, except to the extent that a young child may be classified as not yet ready for school (on the same basis that would occur in, say, government schools). All children are accepted, without regard to academic performance.
10. Further, our schools accommodate a significant proportion of students with disabilities. On average 36% of the student population at our schools has a disability. We have 13 schools that accommodate over 30% of the student population with a disability. The lowest accommodates 24%. The median is 32.8% of the student population. The disabilities range from the low-end requiring quality differentiated teaching techniques (11.6% of the student population) to the high end disability requiring extensive adjustments including on a number of occasions structural building modifications (1.4%).
11. Our schools each enrol students irrespective of the parents' ability to afford the fee. Each school has detailed and sophisticated methodology to assess the parents' ability to meet the fee, and in cases where assistance is determined appropriate in order to facilitate the enrolment, an accommodation is made available. A principle of our community is that no child should be denied the right to a Jewish education through an ability to be able to afford the fees.
12. The infrastructure, grounds, gardens, capital works, maintenance, and upkeep as well as any necessary building modifications to accommodate student with disabilities at each school, is largely provided through privately sourced funds (DGR Donations). The Building Grant Authority (BGA) direct Government funding is very limited. On the occasion it is available, it is considered "top up funding" only. A qualifying aspect of BGA funding is that the school must demonstrate the majority of the project funds can be privately sourced.
13. In the period 2018-2022 inclusively our schools undertook capital infrastructure projects. The direct Government funding through BGA funding represented only 0.8% of the funds expended on capital works.
14. In the 5-year period referred, the funding of capital works was derived from:
  - BGA and Capital Infrastructure grants 1%
  - community DGR donations 31%
  - parent fees specifically directed to capital works 27%
  - borrowings 20% and
  - other sources, including reserves 21%

The 5-year period quoted is typical of longer-term outcomes. The borrowing principal and the interest cost in the main is repaid from fund raising.
15. The reliance on DGR school building funds for one third of the sum required plus the borrowing principal is essential for the partnership operations of our schools with their communities. It is a vehicle which not only provides a funding for essential infrastructure, but it is a structure which engages the community with the school and the program and assists the community with a resource which it can use to further its aims.

16. It is a vehicle which encourages giving, encourages engagement and provides not only the infrastructure required but promotes volunteerism and active participation. It is a combined action which students observe, witness, and learn from as a part of their overall education. It is an outcome promoted by Government and in line with parent and community partnerships. It is the key to trigger the other funding avenues and demonstrates the Government support through indirect funding which also encourages additional giving.
17. The DGR status of the school building fund is the vehicle which assists in the funding of essential infrastructure and relieves the Government of the day from otherwise funding the infrastructure to the extent required in full and provides a graded funding mechanism directly in line and in partnership with the community contribution to the charitable project. The poorest and most at need schools receive direct capital grants. The less in need schools engage with parents and the community.
18. This partnership and community support minimises the need for direct public funding. The public support through the indirect DGR mechanism is significantly less. The methodology aligns with Government priority of funding. The most in need of support receive direct funding. Those most able to largely but not entirely support themselves receive indirect funding. It aligns with the concept of the current funding models where every school receives support. Those with greater need receive more but each receive some.
19. This submission will address the withdrawal recommendations of the DGR accreditation of school building funds and the DGR accreditation of funds providing religious education in schools. Other matters in the report are outside our area of expertise and experience.

#### **Matters within the draft key points of the proposals**

20. The ACJS concurs with the underlying goal stating that philanthropy, particularly volunteering, can help build social capital by contributing to social networks, building trust within communities, and diffusing knowledge and innovations through communities. ACJS notes that having corresponding DGR funds that support the volunteering objectives and initiatives, adds value and acts in concert with the school objectives the community objectives and their designed outcomes.
21. The ACJS however does not agree with and has not sighted within the report how the removal of DGR status for school building funds or the delivery of religious education would result in more charities overall being able to access tax deductible donations nor increase philanthropic giving overall by 2030 as per the stated desired outcome. Figure 6 appears to present as a package 4 groups of DGR's implying the extension of the DGR category to groups focussed on advocacy and prevention as well as wider range of animal welfare charities is contingent on charities such as school building funds and charities that provide religious services to schools having the DGR status withdrawn.
22. The report discusses ongoing and increased regulatory framework, increasing confidence with the sector for philanthropy, and providing greater choice. (key points dot point 2 page 2). The report does not recommend the introduction of a quota system to limit the number of DGR funds that exist. As such the removal of a class or classes of DGR (in this case school building funds and or charities that provide religious education to schools) would not create an opportunity for other classes of DGR to be enacted. Those proposed other DGR classes in their own right could receive support as well. The removal of DGR status for school building funds removes a choice element and appears to be counter intuitive to the overall outcomes proposed.

23. The DGR system identifies charitable and beneficial initiatives through the ACNC mechanism. Education is one such initiative so recognised and deemed highly important. The public consider value when making donations. The public look for transparency and outcomes from their donations. Education is constantly evolving. Schools accommodate large populations and have building occupancy with infrastructure use at levels which often exceed the expected use for a facility.
24. These facilities require constant maintenance and require constant upgrade to facilitate the changing educational environment. The community recognise this need and in partnership with the parents of the school, the community and government (both directly and indirectly) currently address these needs. The more needy populations are supported directly by Government grants. The less needy are supported in the main through community support and indirectly by the public through tax deductible donations. The latter being a partnership demonstrating government participation and a participation consistent with school funding policy overall.
25. Without the indirect DGR support, the ACJS is of the view demand on Government for direct funding would significantly increase and be a greater cost to Government. Without the increased Government contribution with the removal of DGR status for school building funds, parent educational funds would be directed more towards facility upkeep at the cost of delivering quality education to students. The removal of DGR status to school building funds not only increases the need for direct financial public funding through a direct decline in private contributions but it would also have a social and educational decline cost.
26. Our schools as noted above, (paragraph 10), accommodate students that will on occasion require structural building modification as a part of the adjustment. The funding for students with a disability is funding toward the cost of providing their educational adjustment. The structural building modifications required (elevators, ramps, lighting and the like) are not funded through the student disability loading.
27. The current guidelines in fact prohibit the use of that funding for capital works of that nature from those funds. The funding for these essential modifications arises through community donations sourced by school building funds. The removal of the DGR status from school building funds will adversely impact the donations received. The obligation to fund the structural modification in order not to discriminate against the student with a disability requiring structural modification will result in greater funding demand on government.
28. In the schools philanthropic programs, they encounter frequent if not constant requirement to provide a mechanism to receive the donation that has DGR status. Without such status the donation has been found to be redirected to an entity with such status. Further, donations for our schools are not infrequently sourced from overseas residents. Although an Australian tax deduction cannot be claimed in such circumstances, the overseas donor requires an Equivalency Determination Certificate. An equivalency determination is a good faith determination that a non-U.S. organization is the equivalent to a U.S. public charity. The granting of DGR status by the Australian Government even if not available to the overseas donor is a significant factor in the equivalency determination. In such circumstances the benefit is all to Australia at no cost to Australia.

## School Building Funds general observations

29. The report argues that there are also some charitable activities where the reasons for DGR status have lessened over time. School building funds – which are widely, but not exclusively, used by nongovernment schools – are a case in point. School building funds were given DGR status in 1954 when the report states that government support for nongovernment schools was very limited. Since then, government support for non-government schools has expanded considerably, which is consistent with the demand in society for their children to have the benefit of choice in school education. The report then concludes that providing indirect government support through school building funds means government funding is not prioritised according to a systemic assessment of the infrastructure needs of different schools.

30. The observations in the above paragraph extracted from the draft report, misconstrue and or omit a number of factors. These include that;

- i. non-Government schools are responsible for the construction, upkeep and development of infrastructure. The school resource standard and the associated loadings, which are the basis for the current government grants referred in the draft paper as the significant increase in public funding, do not take into account the capital works, facilities, building upkeep and developmental change required at schools to deliver the education required.

To equate the increase in recurrent public funding, without reference to its reason and development and the direct increase in educational delivery costs, to no longer having the need for fundraising for capital works and maintenance, is not logical or appropriate. The two aspects do not connect or relate to one another and are based on different premises.

- ii. Further the recurrent funding received and referred to in the report and above, is directly in terms of the funding agreement prohibited from being applied in any form to infrastructure or the capital loan repayment of borrowings drawn for those purposes. The restriction defeats the argument that increase in public funding to education today is a reason to withdraw indirect support by the withdrawal of DGR status from school building funds. Comparing the increase in recurrent funding alone, negating the need for DGR school building funds today is not logical nor comparable.
- iii. The extent of direct State and or Commonwealth Government funding toward the infrastructure is very limited. When available it is known as “top up funding” only. Schools, even the most in need are still required to raise the bulk of the funding from private sources. The DGR mechanism is the primary source, even for the most needy of schools in order to undertake the project. The neediest of schools receive direct support of between 30% and about 60% of the project value and use indirect support from the DGR mechanism for a part of the balance. Without that balance from the DGR mechanism, projects would be far less able to proceed and the value of direct support achieving the best value for money would be in doubt.

- iv. The availability of direct capital government funding is only available where the school can demonstrate that the community it serves does not have the capacity to self-fund for essential facilities needed to deliver the core educational program. The allocation of direct government funding is assessed as essential through the processes of the Block Grant Authority. Within that construct there remains a requirement for schools to contribute to the project. That contribution is generally sourced and encouraged through the DGR vehicle of school building funds. Without those funds and the extent of encouragement offered by the mechanism, the direct Government contribution would need to be significantly larger thereby placing greater demand on limited government resources.
  - v. The mechanism of Block Grant Authority acts in concert with government policy priority, where the neediest of schools receive direct funding with some community top up. The less needy schools do not qualify for direct support and essential infrastructure. This support is provided by the community in partnership with the school and with indirect public support through taxation deduction.
  - vi. The removal of the taxation deduction would limit severely the access to infrastructure funding from the community that clearly see the DGR regime as both encouraging giving and demonstrating the government partnerships through indirect support. Each of our schools reported that without the school building fund having DGR status, donations would decline dramatically. The removal of that support would most likely result in greater demand on direct Government funding. The need for the infrastructure maintenance and development does not diminish with the removal of the DGR status.
31. An example of the removal of a DGR category that consequently saw an expansion of a direct funding project plus the addition of specific direct Government funding to all schools, without assessment of the need of the school was the cancellation of DGR status granted for pastoral care services:
32. The Government established a deductible gift recipient (DGR) category to enable funds to access DGR status where the fund supports pastoral care and analogous wellbeing services delivered to students in Australian primary and secondary schools. The Government advised that the DGR status allows an entity to receive gifts and contributions for which donors can claim a tax deduction. The DGR tax arrangements are intended to encourage philanthropy and provide support for the not-for-profit (NFP) sector.
33. The DGR category for that initiative was created to support what was recognised as a shortfall in the school Chaplaincy and student wellbeing direct funding grants. The DGR status for that program was short lived and withdrawn in 2022. In 2023 after the announcement of the cessation of the DGR status, the National School Wellbeing Program was expanded and extended, realizing the current direct Government funding remained insufficient to cover the extent of activity required.



34. In March 2023 the Government after recognising the need for on-going COVID-19 mental health and wellbeing services required further address. The government announced a \$192 million funding program for all Australian schools. The program was known as the Wellbeing Boost. It provided funding to every Australian school irrespective of parents' ability to contribute. In October 2023 after recognising further need for specific social cohesion and wellbeing, the Wellbeing Boost variation program was introduced allocating a further \$6 million to the pool of funds. ACJS can only speculate whether that extent of funding to all schools would have been required if DGR status for the pastoral care services remained active and schools with the ability to self-raise funds, as initially proposed when the DGR for that category was introduced, would have required the same level of direct Government support.
35. It is of interest to note that the Wellbeing Boost was a direct funding allocation in 2023 to every Australian school on the same basis. It was calculated on average to be at the rate of \$20,000 per school. It was not a program that addressed, prioritised or defined needy schools. It was a program that recognised a need and funded it through all jurisdictions. This direct funding which took place in 2023 is the counter discussion and an example of a current exception to what the draft paper refers to as a need to align with the broader objectives and priorities of the education funding system which the DGR on school building funds is asserted in the draft report to contravene (Box 6.1- The rationale for school building funds accessing DGR status is weak.) ACJS asserts the need for DGR school building fund category retention is in the same category as the wellbeing programs, if not more so, as the need to maintain infrastructure and adapt current teaching facilities is equally as important and essential as an ongoing requirement in a climate of rising material and service costs.
36. The draft report at page 18 notes the Commission's view is that converting a tax-deductible donation into a private benefit is a substantial risk for primary and secondary education, religious education, and other forms of informal education, including school building funds. The potential for receiving a benefit is noted within the report. What is not identified is how this benefit occurs. It is understood in order to be a donation and eligible for tax deductibility the donor cannot directly benefit. Our understanding from reading the report, is that there are two potential benefit concerns.
- i. A direct benefit which would be a breach of the Act and subject to regulatory controls and consequences
  - ii. An indirect benefit
37. The Commission noted the potential for a donor to be able to convert a tax-deductible donation into a private benefit is especially apparent in these areas. Such a conversion would be a direct benefit and would clearly be inappropriate. The Commission in noting the risk, did not make mention of the existing governance and compliance requirements associated with those activities nor did the report note the extent of infringement that has taken place in relation to school building funds and the receipt of direct private benefit that has been found to exist.
38. The Commission is correct to identify the possibility of risk, but to recommend the termination of DGR status as a consequence of potential risk without reference to existing controls compliance and check mechanisms, coupled with the penalties in place should a breach be found, is no different to any other taxation breach and should not be treated differently.

39. ACJS is of the view that in practice the risk is low. The vast majority and certainly the value of contributions to our school building funds comes from community members, not parents. Parents, those with the ability to in theory benefit as stated in the report are by far fewer in number with contributed sums at considerably lower levels, both in number and in value. This too reduces significantly the risk. In respect to ACJS schools they advise that on average 72% of the number of donors and 74% of the funds raised are community sourced nonparent donations. Some of our schools' source both funds and the number of donors exceed 95% of community non parent sourced donations.
40. Indirect benefit occurs when the cost attributed to the service is lower than it might otherwise have been to all, as a consequence of facilities, maintenance or operational costs being covered by tax deductible donations. This indirect attribution of costs within the report has been applied to non-government schools and school building funds in isolation of the same consideration and logic being applied to other charitable DGR events such as, for example the arts, where it could be similarly argued that those who donate to the arts also attend the theatre and the galleries and the related events where an admission fee is charged to those events at a lower sum than would otherwise be necessary if donation to the arts was not available.
41. The same argument can be applied to entities that by their nature have entity wide DGR status, as all expenditure is within the guidelines, but also conduct activity for which a charge is levied. Other examples being first aid providers, where the entity holds the DGR status rather than a fund within the entity, but the entity also conducts first aid certification courses at a fee to the participant. If it were not for the DGR donations, the fee charged would need to be higher.
42. University based DGR funds were noted in the draft report to maintain its status. Universities also provide education and charge fees similar to non-government schools. The logic as to why such private benefit is considered by the commission to apply to building funds at non-government schools, a fund with restricted application but a DGR fund providing philanthropy to universities, where all and any expenditure is considered acceptable and deemed as not providing a similar private risk benefit, is unclear, inconsistent, and inequitable.
43. The difference between the universities, first aid providers and the arts sector, as only three examples is that these entities can and do operate from a single bank account. They have no requirement to separate fees, admissions, or charges from DGR donations. Non-government schools building fund donations are required by the Australian Taxation Office to be held in a separate bank account from other activities of the entity.
44. That fund can only be expended on very specific items as defined within the Act and the Rulings. The building fund expenditures can be readily monitored and are transparent and specific. The expenditure from a school building fund is more readily audit confirmable against the specific approved expenditures than an entity that operates a single bank account and conducts both DGR and non DGR activity.
45. The application of potential benefit arising from indirect sources as referred above being singled out to school building funds in isolation of other categories and to recommend based on that potential element, the withdrawal of the DGR status is inappropriate and inequitable. The indirect benefit argument resulting from the DGR donation can be applied across all sectors equally and not just the school building fund or the religious education sector.

## **Box 6.1 – The rationale for school building funds accessing DGR status is weak**

46. Detail in Box 6.1 under the above heading acknowledges the need for infrastructure at schools and draws the conclusion that the existence of the BGA program and the existence of school building funds by their respective design no longer align with the broader objectives and priorities of the education funding system. The draft report also notes within Box 5.1 the origins of the DGR system was characterised as a part of a social compact to co fund education in non-government schools in partnership with the churches and parents.
47. ACJS proposes the two statements are not contradictory and should be read in concert. The BGA program as outlined in the draft report addresses the government of the day priorities by having a BGA to assist in the funding of capital works and infrastructure for the neediest and most in need schools. These schools in the main lack the resources for this work and lack the ability from their parent body and their community to raise the resources required and thus have a need for the resource to be provided directly by Government. The practice aligns with the broader objectives and priorities of the education funding system to the most needy.
48. The mid-range and so-called wealthy schools correctly, do not qualify for full or even minor direct government contributions to their building projects. These schools rely on a social compact arrangement to co fund education in partnership with the community and parents. It is a practice which today is totally consistent with the recurrent funding model for non-government schools. In fact, the BGA assessments explicitly assess the financial need of the school and ensures direct funding is applied to those schools that meet a high level of need.
49. The Government directly contributes to every Australian school. Each school has a determined value based on the assessed need and the capacity of the parents to contribute. It ranges from 90% of the school Resource Standard (SRS) to 20% of the SRS. The less ability to contribute, the greater the direct public funding. There is within the concept recognition that every school is deserving due to the allocation of our taxation system of some contribution. This logic applies equally to the infrastructure of the school.
50. The capital funding arrangement currently takes this into account. Only the most needy schools with the highest of need and highest priority projects receive some direct funding. Even those schools require the DGR mechanism to top up the direct funding. All other schools rely on the DGR mechanism and the support it provides. The removal of the DGR school building fund totally removes any government contribution to infrastructure. By its nature it is contrary to current funding objectives that recognises every school deserves some government support, even if it is provided indirectly.
51. The recurrent funding increases referred in the draft report are not permitted under either State or Commonwealth funding arrangements to be applied to infrastructure. The adopted method of addressing the need for on-going infrastructure, a need that is acknowledged to exist at every school irrespective of the standard of their present infrastructure, including in the mid-range and so-called wealthy schools, is to engage the partnership arrangement involving parents, community and an indirect contribution of public funds through the DGR mechanism.
52. The withdraw of that mechanism would diminish the partnership educational outcome and be inconsistent with the graded present funding objectives, unless a government co contribution to the infrastructure need was introduced. That contribution would be at a higher cost to the government than the current DGR arrangement.

53. ACJS considers the DGR status of school building funds to be in line and consistent with both past and present government policy in respect of both prioritising public funding and support for choice in education. ACJS considers the revocation of DGR status for school building funds to be detrimental to both education in the short and longer terms resulting in the need for ever increasing Government direct funding in the longer term.

### **DGR for Religious Organisations**

54. The draft report at page 18 states that religious organisations play an important role in many people's lives and communities across Australia. However, the Commission does not see a case for on-going indirect government support for the practice of religion through the DGR system. The report recommends the exclusion of any activities in the advancing religion category from a general expansion of DGR endorsement to most charitable subtypes, but recognises religious organisations perform benevolent tasks, including wellbeing services. ACJS contends the categorisation of activity into small boxes with each having an identity is not only difficult and confusing but diminishes the overall benefit.
55. Judaism (and Jewish culture, if that be different) has developed, or has always taught policies which would, today, be classified as multiculturalism. The Jewish community view is that members of the Jewish community should be productive respected members of the Australian way of life, integrate into general Australian life, while adhering to Jewish values: integration, but not assimilation.
56. Judaism is not merely a set of religious rituals confined to sacred spaces or specific times. It is a comprehensive way of life that intricately interlaces religious practice and/or culture into everyday existence. In Judaism, one's spiritual journey is inextricably linked to one's ordinary everyday activities. Further cultural identity, cultural understanding, and cultural knowledge has been demonstrated to benefit wellbeing. In the case of Judaism as referred above, Judaism and culture are identifiably inseparable.
57. Within that context the exclusion of the DGR status for activities in the advancing religion subtype, within the context of faith-based schools would make understanding of complex components difficult and make compliance very difficult to monitor. The express exclusion of this category from a general broadening of DGR endorsements would work against the transparency and simplicity proposals outlined as sound regulatory framework within the goals of the draft paper.
58. Page 192 of the draft report in fact emphasises the discussion on the exclusion of the general category of advancing religion noting it is not based on a view that religious practice does not provide a benefit to the community, but rather that the additional net community benefits from extending the DGR system to include the purposes of purely advancing religion are not apparent. That absence of apparent benefit in the view of the ACJS is as a consequence of a narrow understanding of spirituality and religion and not one that incorporates culture and moral values and healthy way of life, both physically and mentally, which are an integral part of religious practice and teaching.

59. An article in the Psychiatric Times, in January 2010 headed Religion, Spirituality, and Mental Health found that studies among adults reveal fairly consistent relationships between levels of religiosity and depressive disorders that are significant and inverse. Religious factors become more potent as life stress increases. Koenig and colleagues highlight the fact that before 2000, more than 100 quantitative studies examined the relationships between religion and depression. Of 93 observational studies, two-thirds found lower rates of depressive disorder with fewer depressive symptoms in persons who were more religious. In 34 studies that did not find a similar relationship, only 4 found that being religious was associated with more depression. Of 22 longitudinal studies, 15 found that greater religiousness predicted mild symptoms and faster remission at follow-up.
60. The DGR status although under the heading of advancing religion is in total concert with wellbeing programs and funding albeit indirect. Exclusion of DGR status for charities with the subtype of advancing religion, from a general broadening of DGR endorsement for most charity subtypes, particularly in respect –to schools where core cultural, spirituality, moral standards are transmitted could be in the longer term detrimental and ultimately require greater government funding at a reduced benefit.

### **Chapter 7: A sound regulatory framework**

61. Chapter 7 (page 42) of the draft report recommends removing the concept of ‘basic religious charity’ and associated exemptions, so all charities registered with the Australian Charities and Not-for-profits Commission have the same governance obligations and reporting requirements proportionate to their size.
62. The ACJS accepts and supports that premise. The Association of Independent Schools NSW recently published a document that outlined the legislative acts which affects the work of NSW Independent schools and with which each NSW independent school must comply. It is not materially different to schools in other States. There is within that list 67 separate acts, many of which have sub regulations which also require compliance. The ACNC is also included within the existing legislative framework. To expand the compliance to include activities or categories that are perceived to be omitted would be supported by the ACJS.
63. The ACJS does not consider the removal of a DGR category as a consequence to its perceived regulatory omission from the framework or even its specific compliance exclusion from that framework if that be the case, to be equitable or appropriate. The response should be to bring the category, entity or activity, to within the compliance framework.

### **Conclusion**

64. Both the DGR status for school building funds and for religious instruction in schools have served our communities very well over many many decades. The benefits are noted throughout the draft report.

65. ACJS contends the view to diminish and restrict the DGR status of school building funds, and religious instruction and to deny DGR endorsement for the general category of advancing religion while extending it to other categories, was formed by dissecting the activities involved into small discrete components or perhaps even individual transactions in an effort to improve a regulatory framework resulted in a misunderstanding of the activity and the outcomes. In doing so, in the context of these two categories it was found too difficult, and it appears the solution was to remove the category irrespective of the acknowledged benefits. DGR approved entities have defined goals. The benefits have been long standing and demonstrated as positive. Regulatory improvement and transparency are better options and longer-term better value than termination of the category.
66. The ACJS is more than happy to present and or elaborate on any item within this submission. We once again thank you for the opportunity to have made this submission.